

# Healing the tiger

When the going gets tough, the tough get going. Ireland's financial woes have not stopped it wooing global business, while law firms are playing their part in the country's international roadshow

Survey: Doing Business in Ireland 2012:  
pages 14-18

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in association with

A&L Goodbody



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Market update: page 19  
Options open: page 20  
In the recovery room: page 21  
LPO aspirations: page 22  
Green financial services: page 23

Northern Ireland  
Changing the dynamic: page 25  
Belfast business: page 26



## Smiling again

Ireland is in the front line of the global economic crisis, but it is gradually getting back on its feet. Our survey of international attitudes towards the jurisdiction's business environment, conducted in association with A&L Goodbody, suggests the country is on the long road to recovery

Ireland gets top marks from corporations and law firms globally for its approach to business, the professionalism of its law firms and its handling of the financial crisis.

The research – conducted this month by *The Global Legal Post* and law firm A&L Goodbody in the run-up to the International Bar Associations' annual conference in Dublin – found that law firms and businesses globally gave the country a top score for a range of issues impacting on international deals, from setting up operations to its legal and regulatory framework.

The findings come in a survey of 210 law firms and legal departments globally and reveal that Ireland is rated 'very positively' or 'positively' as a

destination by four out of five respondents who have done business there. Furthermore – contrary to the usual complaints about law firms generally – 82 per cent of international corporates and law firms rate their experience of using an Irish legal practice 'positively' or 'very positively', with the satisfaction rate rising to 87 per cent of US companies or law firms.

### Ease of doing business

The jurisdiction was also ranked highly for ease of doing business, with nine out of 10 respondents rating Ireland positively as a venue for establishing operations.

Ireland's membership of the eurozone was seen as the top attraction for international companies, closely followed by its pro-business environment and corporate tax regime.

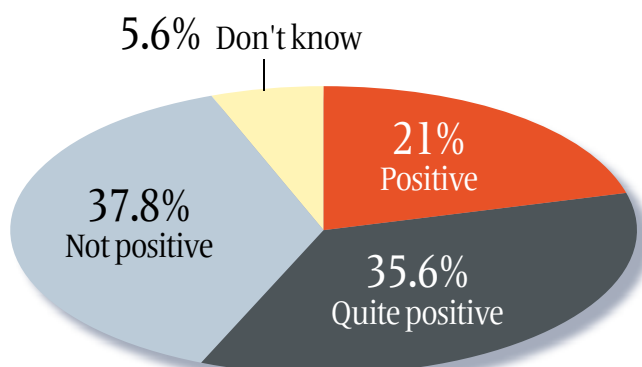
### If you work for a company, please indicate the company's annual turnover?

Less than €60 million	13.8%
€60 million - €120 million	9.2%
€120 million - €300 million	10.8%
€300 million - €600 million	7.7%
€600 million - €1.2 billion	16.9%
€2 billion - €6 billion	15.4%
More than €6 billion	26.2%

### Are you seeing an increase in any of the following?

General commercial	38.7%
Overseas investment	29.3%
Mergers and acquisitions	28.0%
Private equity	13.3%
Litigation	52.0%
Real estate	25.3%
Banking/Finance	25.3%
Employment	17.3%
IP	24.0%
Regulatory	46.7%

### How optimistic do you feel about the global economy over the next 12 months?



### What can Ireland do to encourage more international business?

Respondents had several suggestions.

'Reduce individual income tax rates; create incentives to deepen and diversify its workforce and to enable it to grow out of its deep recession,' said a US-based general counsel.

'Reduce individual income tax rates to encourage greater employment immigration from elsewhere in the EU and the US. Encourage greater immigration to achieve a more diverse and better-qualified local workforce and culture,' commented another US general counsel.

'Ireland is a good place to set up as an entry point to the eurozone. More needs to be done to streamline procedures and costs on matters such as the legal/environment framework and enforcement, litigation and dispute resolution,' advised a UK law firm partner.

'There is still a burdensome corporate governance regime. Why not take a few lessons from Delaware in the US, where most of the US companies setting up operations in Ireland are incorporated?' asked the general counsel of an aircraft leasing and finance business in North America.

'There is a need to reduce the labour rate and minimum wage for unskilled labour; globally market cheap commercial property, as it is now extremely affordable; local authorities and government need to provide incentives through reduced property business rates,' suggested the chief financial officer of one global company.

'Continue tax incentives,' was the blunt advice from a partner at a global US law firm.

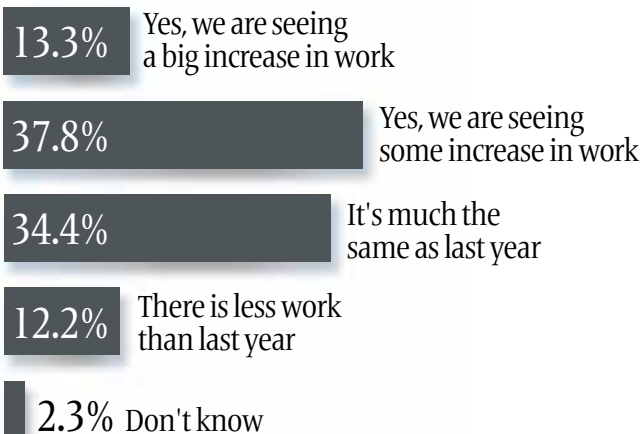
'Better infrastructure; better transport,' said the general counsel of a UK-based technology media and telecommunications company.

'Broadband and related infrastructure must be of the highest quality,' agreed a UK law firm partner.#

'Better airline service from the US northwest to Ireland,' pleaded a US west coast law firm partner.

'It could do with light-touch business regulation,' said the director of one global company.

### Do you think your firm/department is busier this year compared with last year?



## Ready to do the business

Respondents were full of praise for Ireland's strengths as a business destination.

'It has a good infrastructure, well-educated young people, and a competitive export market. It's also English-speaking, which cannot be underestimated. And it's a great place to visit,' commented the general counsel of a global company.

'There is a bright labour market; it is in the Eurozone and close to UK and US markets,' added a Brazil-based general counsel.

'It's a great place to do business. Despite its problems, the country has a can-do attitude and, for a small country, it not only thinks globally, it's extremely well connected globally,' waxed one US law firm partner.

'The Irish are very entrepreneurial and aware of commercial realities. They can think out of the box and are great communicators,' said an Australian law firm partner.

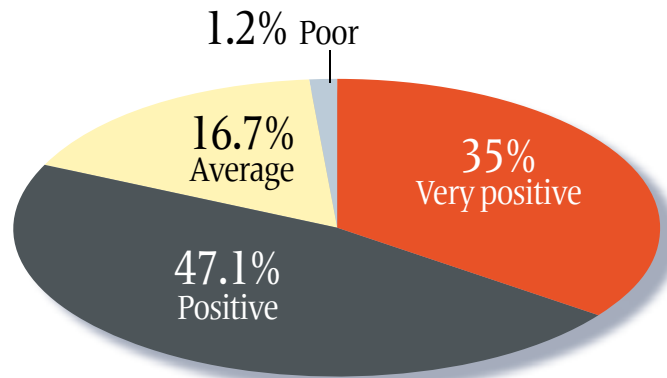
In addition, international corporates also highly rated Ireland's talented workforce and record of attracting international investment and its overall entrepreneurial culture.

But the research did not just throw up cheerful results. Global confidence in Ireland as a business destination was more mixed, with only a quarter of respondents giving it positive marks, half giving a neutral rating and 23 per cent a negative rating.

Ireland's efforts to extricate itself from the financial mire were acknowledged by respondents to be much better than that of the eurozone as a whole. When asked how Ireland's efforts compared with the handling of the crisis more widely, 15 per cent of respondents gave Ireland a 'good' rating, 11 per cent thought the US had performed well, 7 per cent backed the global economy's handling of the crisis – and only 5 per cent gave an equivalent mark to the eurozone as a group.

In addition, 58 per cent said Ireland had handled the crisis 'well' or 'averagely', while only 31

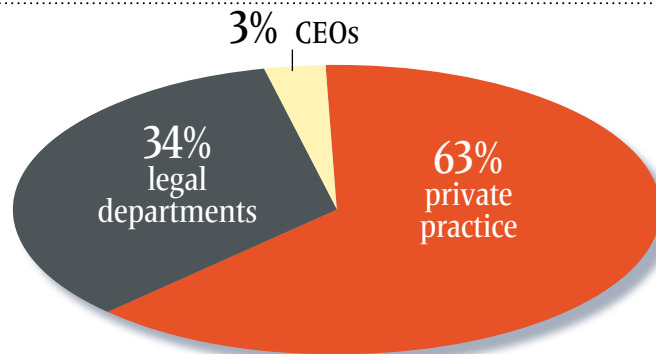
If you have used an Irish law firm how did you find the experience



Which of the following facts about Ireland would surprise you?

	Surprised	Not surprised
Ireland is home to eight out of the top 10 global technology companies	58%	42%
50 per cent of aircraft leasing business globally is located in Ireland	52%	48%
Nine out of the top 10 pharmaceutical sector businesses have invested in Ireland	40%	60%
Exports from Ireland's pharmaceutical sector are now valued at €55 billion annually	62%	38%
Ireland is the fourth largest beef exporter in the world	64%	36%

Who responded to the survey globally?



## The global perspective

There were mixed feelings about the short to medium-term future of the global economy and the specific prospects of law firms and corporate legal departments.

More respondents were upbeat about the year ahead than not – 56 per cent said they were 'positive' or 'quite positive', while 39 per cent were not positive.

More than half reported an increase in work, with 13 per cent saying they saw big increases. However, 35 per

cent reported no increase or decrease, while 11 per cent experienced a decline.

Again, more than half said the biggest increase came in the field of litigation, with regulatory work increasing for 46 per cent of respondents. General commercial was said to be increasing by nearly 40 per cent of respondents, while nearly 30 per cent saw an increase in overseas investment and mergers and acquisitions. A quarter of respondents reported an



## Opinion: Julian Yarr

The findings of *The Global Legal Post* survey reaffirm Ireland's reputation internationally as a pro-business destination. Our experience at A&L Goodbody supports this view. We see significant interest and activity in Ireland from across the globe. Like other economies and eurozone members, Ireland faces a number of challenges; however every effort is being made to achieve economic stability.

It is also encouraging to see the positive experience that international lawyers and corporations have had of working with Irish law firms and their perception of the Irish legal environment.

*Julian Yarr, managing partner of A&L Goodbody*

per cent afforded similar ratings to the eurozone as a whole.

## Beating the eurozone

On economic performance, 38 per cent said Ireland had performed well in the circumstances, again beating the eurozone, which was >

increase in banking and finance work, real estate and intellectual property.

In terms of regions, Asia is by far providing the biggest increase in work, with 55 per cent pointing there, followed by North America, cited by 37 per cent.

A third of respondents said they saw an increase in work from Europe, while one in four is noticing more work from Latin America and another quarter of respondents said the same regarding Africa.

## Ireland by the numbers

For a small country, Ireland has an impressive record of attracting the best global companies. However, many of the respondents were surprised by some of the statistics.

### Keep taking the drugs

The fact that exports from Ireland's pharmaceutical sector are valued at €55 million annually was news to two thirds of respondents. However, they were not surprised that nine out of the top 10 pharmaceutical companies had invested in Ireland with two out of three professing to know this.

Indeed Ireland has an unsurpassed record in attracting top pharmaceutical companies, with 10 of the world's top-selling prescription drugs made in Ireland, including Viagra, which is produced by Pfizer in Cork. And 33 per cent of the world's contact lenses are manufactured in Ireland.

The country has also excelled in creating a medical device sector and is home to 17 of the top 25 companies in that field, which account for exports worth some €7.2 billion. The country is the second largest exporter of medical devices in Europe after Germany. The sector has 250 companies, half of them indigenous. Indeed, one Sligo-based medical devices company makes enough tubing to circle the globe twice a year.

### The clouds circle

Respondents were surprised that Ireland was home to eight out of the top-10 global technology companies, according to the latest numbers from the Irish Business and Employers Confederation (IBEC). Companies such as Google, Facebook, Twitter, Hewlett Packard, Microsoft, Pinger, Engine Yard and Amazon are based in Dublin, as Ireland starts to focus on data storage and cloud computing.

Indeed, the first cloud computing degree has been designed by University College Dublin in association with

technology company EMC.

Paul Rellis, managing director of Microsoft Ireland, recently announced that the company planned to make further investments, pumping some €130m into its data centre in Ireland.

'Internationally, we have seen a turnaround in perceptions of Ireland and Irish business,' he said, adding that the company's global chief financial officer maintains that Ireland's response to the worldwide financial crisis compares favourably with other countries.

### Flying high

Respondents were also surprised to discover 50 per cent of the aircraft leasing business globally was located in Ireland, with the country host to nine out of the top 10 specialist companies in the sector.

On the agricultural front, two out of three respondents were surprised to learn that Ireland is the fourth-largest beef exporter in the world.

According to IBEC, Ireland is the largest beef exporter in Europe, with one out of every five burgers served in McDonald's restaurants across Europe made of Irish beef. The country produces enough beef to feed 30 million Europeans. It also exports 80 per cent of its dairy production and makes 15 per cent of the world's infant formula.

A key part of Ireland's financial services industry is the country's International Financial Services Centre, which has just had its 25th anniversary. Speaking at a recent funds conference in Dublin, prime minister Enda Kenny gave enthusiastic backing to the sector: 'We remain committed to ensuring that the legal, regulatory and tax environment in which the funds industry operates is supportive of Ireland's hard earned reputation as a centre of excellence in both the traditional and alternative segments.'

*Statistics for Ireland supplied by IBEC*

## The Irish 'special relationship'

Any country that features 'green' rivers on St Patrick's Day and an automatic Irish ancestry check by nearly all American presidents has got to admit to a special relationship with the object of its affections. And indeed, Ireland and the US have enjoyed long and deep connections.

The survey revealed the US respondents were most interested in investment and expansion of existing operations in Ireland as potential opportunities. They also valued the legal environment and their relationships with Irish law firms. Ireland's position in the eurozone was of key importance with the

pro-business environment and corporate tax regime very important also.

According to Steven Friel, a partner at US firm Brown Rudnick: 'Ireland is in a reconstruction phase following the financial crisis and there is a lot of potential interest in the country from North American investors. It's important for the Irish economy and its advisors to get this right.'

He said that Ireland needed to promote its relatively recently established commercial court, which has been lauded locally but has not yet had significant international attention, as it was launched just before the economic crash.

### Top five reasons why Ireland is attractive for US companies as a place in which to do business

Membership of the eurozone	62%
Pro-business environment	59%
Corporate tax regime	58%
Talented workforce	48%
Entrepreneurial culture	35%

awarded a 'poor' rating by 79 per cent. The survey also revealed that mergers and acquisitions of Irish companies provided the best business opportunity for international corporates. Around 40 per cent saw the sale of state assets, investment and expansion of existing operations as potentially good opportunities.

After the success of US companies investing in Ireland, four-fifths of international businesses reckoned Ireland was well placed to benefit from Chinese investment. Most corporates or international

law firms chose Irish law firms through previous experience or contact, with 61 per cent saying this was 'very important'. A recommendation by an international law firm was seen as important by 51 per cent, with 45 per cent rating recommendations by other advisors such as banks or accountants as important.

Online searching or law firm websites were viewed as being of some importance by a third of respondents, while 53 per cent said international legal directories or publications were of some importance.

### Where the corporate respondents work

FMCG/Food/Beverage Producers/Processors	7.7%
Pharmaceuticals/Healthcare	7.7%
Chemicals	3.8%
Real Estate/Construction/Building materials	13.5%
Energy/Utilities/Infrastructure	11.5%
Finance/Insurance/Investments	25.0%
Manufacturing Household/Commercial Goods	7.7%
Retail/Leisure/Travel/entertainment	1.9%
Technology/Media/entertainment	11.5%
Transport/Vehicle/Equipment	3.8%
Conglomerate (multiple sectors)	5.8%



# International Perspective. With an Irish Point of View.

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## Full of eastern promise...

In common with just about the entire developed world, Ireland is bidding to boost trade with China. Mary Heaney analyses why it is well placed to lure superpower investment from the east

Around 150 Irish companies are already trading in China. However, just 13 Chinese companies have set up in Ireland, placing the country 18th out of 27 EU states. But this could be set to change following a busy year for Sino-Irish relations.

Earlier this year, China's vice president, Xi Jinping, travelled to Dublin with a group of 150 Chinese business leaders and officials. Trade, investment and education agreements were signed and a follow-up visit to China by Ireland's prime minister, Enda Kenny, some months later saw further activity in the areas of trade, investment and education.

This year has also seen the first phase of the Europe-China Trade Hub in Athlone, a €1.4 billion project involving the building of an exhibition centre covering 337 acres, where buyers from Europe and the US can source Chinese products. With a plan for 3,000 demonstration halls, it would be the largest source of Chinese goods to be found anywhere in Europe.

### Horses and aeroplanes

Ireland has also recently got involved in China's horse racing business following a \$40 million deal with the country's first national equine facility, which is based in Tianjin. And the aircraft-leasing division of the Industrial and Commercial Bank of China is expanding its Dublin-based subsidiary, issuing a \$750 million bond to develop business in the country.

According to China business affairs specialist Richard Moir, Ireland may be small but there are many benefits on both sides for such a relationship.

Crucially, Ireland is geographically well placed. 'It's



in the heart of Europe benefiting from EU tax treaties for market access to the EU,' says Mr Moir. 'It is also well located as a platform for trade further afield in the US and Latin America.' He adds: 'Ireland is at the crossroads of world trade routes. Indeed a logistics hub potential exists, as shown in the recent Chinese deal in Athlone.'

It is also forecast that the areas around Shannon and Cobh could be attractive to Chinese investors.

Mr Moir, who specialises in China market access issues, says there are several other factors boosting Ireland in Chinese eyes. 'Dairy, pharma, technology and other sectors are

all of interest. Plus Ireland has a skilled workforce and a low corporation tax. For Chinese investors, intellectual property is also important.'

### Good craic

Mr Moir suggests Ireland has much more to offer than purely business: 'The Irish have a great welcoming reputation. Hospitality and the craic are legendary. Furthermore, the Chinese don't need a Schengen visa to enjoy the Emerald Isle. They would love to buy a piece of the rock, literally. The Chinese are very family orientated – similar to the Irish.'

He adds that the Chinese were also attracted by real estate as

well as famous brands, often spending liberally on whiskey, cloth, wine and glassware. 'They are increasingly citizens of the world,' comments Mr Moir, 'and the Irish have some unique attractions to offer them.'

Education is also a shared interest – indeed University College Dublin (UCD) recently signed an agreement with the Beijing University of Technology to establish the Beijing-Dublin International College in the Chinese capital. A&L Goodbody advised on this deal. 'The Chinese value education and Ireland has some of the best,' says Mr Moir.

### Punching above its weight

The two cultures both similarly invoke soft-power methods to influence others, relying on food, language, culture and business associations. Both believe the wider the network the better, adds Mr Moir.

He also maintains that, apart from looking for a market access platform, there are other issues at the heart of China's interest in Ireland.

'Trade is rather one sided, but it provides a source of funds to help get the country out of the present economic malaise. Ireland needs China for that.'

'But, in terms of international diplomacy, Ireland punches above its weight and China knows this. This manifests itself at the level of supranational organisations such as the UN and the World Trade Organisation, where the Irish vote does count.'

Ireland's foray into oil exploration is another offering on the menu. 'If the offshore oil potential is realised, then the Celtic Tiger will be reborn,' says Mr Moir. 'Watch this space as Chinese investors and sovereign funds could be attracted.'

Do you think Ireland is well placed to benefit from investment from China?

